



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 21, 2009

Ms. Stacey Aldrich, Acting State Librarian  
California State Library  
P.O. Box 942837  
Sacramento, CA 94237-0001

Dear Ms. Aldrich:

**Final Report—City of Fontana, Library Construction Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Fontana's (City) Library Construction Grant Agreement 3004 for the period December 1, 2005 to September 30, 2008.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, this report will be placed on our website.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

***Original signed by:***

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Curtis Purnell, Bond Act Fiscal Officer, Office of Library Construction, California State Library  
Mr. H. Raymond Bragg, Redevelopment and Special Projects Director, City of Fontana  
Ms. Lisa Strong, Management Services Director, City of Fontana  
Mr. Melville Drown, Finance Manager, City of Fontana  
Ms. Evelyn Ssenkoloto, Redevelopment and Special Projects Analyst, City of Fontana

---

A GRANT AUDIT  
City of Fontana  
Grant Agreement 3004



*Source: City of Fontana Redevelopment and Special Projects Unit*

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

## **MEMBERS OF THE TEAM**

Frances Parmelee, CPA  
Manager

Rich Hebert  
Supervisor

Staff  
Issa Ndiaye

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance  
Office of State Audits and Evaluations  
300 Capitol Mall, Suite 801  
Sacramento, CA 95814  
(916) 322-2985

## **BACKGROUND**

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14), which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered this program during the application review and approval phases, and awarded 45 projects totaling \$334 million.

In 2006, the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The BAO authorizes the disbursement of bond proceeds to local agencies via grants and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

The City of Fontana (City) is a community of 151,000 located in San Bernardino County. The OLC awarded the City a \$14,900,075 Proposition 14 grant to fund 65 percent of the budgeted cost for construction for the Fontana Library and Resource Technology Center. The City Redevelopment and Special Projects Director is the coordinator for this project. The project, completed in September 2008, has provided the City a new 79,039 square foot library which opened to the public in April 2008.

## **SCOPE**

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted a compliance audit of Grant Agreement 3004 for the period December 1, 2005 to September 30, 2008.

The audit objective was to determine whether the City's grant revenues and expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The City is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The California State Library is responsible for evaluating the efficiency and effectiveness of program operations.

## METHODOLOGY

To determine whether grant revenues and expenditures were in compliance with applicable laws, regulations, and grant requirements, we performed the following procedures:

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined the grant agreement, applicable laws, policies, procedures, and the grant files maintain by the BAO.
- Reviewed the City's accounting records, vendor invoices, pay warrants, and bank statements.
- Selected a sample of expenditures to determine if claimed costs were allowable, incurred within the grant period, supported by supporting documentation, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify project existence.

The results of our audit are based on our review of documentation, other information made available to us, and interviews with City staff. The audit was conducted from February 2009 through May 2009.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and recommendations.

## RESULTS

Based on the audit procedures performed, the City was in compliance with applicable laws, regulations, and the grant requirements. In addition, the City met the \$8 million matching fund requirement. The claimed, audited, and questioned amounts are presented in Table 1.

**Table 1: Schedule of Claimed, Audited, and Questioned Amounts**

<b>Grant Agreement 3004</b>			
<b>For the Period December 1, 2005 through September 30, 2008</b>			
<b>Expenditures</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
New Construction	\$ 13,339,986	\$ 13,339,986	\$ 0
Site Development	125,422	125,422	0
Site Demolition	89,708	89,708	0
Furnishings	1,344,959	1,344,959	0
Total	\$ 14,900,075 <sup>1</sup>	\$ 14,900,075	\$ 0

<sup>1</sup> Amount includes final payment of \$1,490,007 representing the 10 percent withhold due from the California State Library.